

MINUTES
BOARD OF TRUSTEES OF THE
PUBLIC EMPLOYEES' RETIREMENT FUND
143 West Market Street, Suite 500
Indianapolis, IN 46204
January 16, 2004

EXECUTIVE SESSION

Trustees Present

Jonathan Birge, Chair
Richard Doermer, Vice Chair (via Teleconference)
Garland Ferrell
Robert V. Welch

Others Present

Craig Hartzler, PERF Executive Director
Bruce Kimery, PERF Deputy Executive Director/Chief Benefits Officer
Leisa Julian, PERF General Counsel

The Board met in Executive Session to discuss matters under IC 5-14-1.5-6.1(b)(6).

REGULAR SESSION

Trustees Present

Jonathan Birge, Chair
Richard Doermer, Vice Chair (via teleconference)
Garland Ferrell
Robert V. Welch

Others Present

Mary Beth Braitman, Ice Miller
Douglas Todd, McCready & Keene
Elaine Beaty, McCready & Keene

PERF Staff

Craig Hartzler, PERF Executive Director
Bruce Kimery, PERF Deputy Executive Director/Chief Benefits Officer
Leisa Julian, PERF General Counsel
Michael Horstman, PERF Chief Financial Officer
Caroline Bradley, PERF Internal Auditor
Mark Willis, PERF Investment Analyst
Tom Parker, 1977 Police and Firefighters Fund Director
Cindy Osborne, Minute Writer

ITEMS MAILED TO THE BOARD PRIOR TO MEETING

- A. Investment Committee Agenda
- B. Investment Committee Minutes for December 12, 2003
- C. Audit and Budget Agenda
- D. Audit and Budget Minutes for September 12, 2003
- E. Board of Trustees Agenda
- F. Board of Trustees for November 12, 2003

I. APPROVAL OF MINUTES

MOTION duly made and carried to approve the Minutes of the December 12, 2003 Board of Trustees Meeting.

Proposed by: Richard Doermer

Seconded by: Robert Welch

Votes: Four in favor, 0 against, 0 abstentions.

II. OLD BUSINESS

There was no old business discussed.

III. NEW BUSINESS

- A. Legislative Update. Mr. Hartzler brought SB97 to the attention of the Board. Mr. Hartzler noted that he has had discussions with the budget director regarding this bill. Mr. Hartzler noted that PERF has made initial expressions of our position on this bill. Mr. Hartzler asked Ms. Braitman if she was aware of the origins of this bill and if she had any additional information regarding this bill. Ms. Braitman stated that Senator Lubbers introduced a bill in 2002 to add a number of people to expand the membership of the Board of Trustees. Ms. Braitman added that this bill may be a continuation of some of the Senator's thoughts from that bill. Mr. Hartzler noted that he would keep the Board abreast of the bills.
- B. Salary Compensation Schedule. Mr. Hartzler passed out a corrected copy of the Salary Compensation Adjustment Schedule.

MOTION duly made and carried to adopt the corrected Salary Compensation Adjustment Schedule.

Proposed by: Garland Ferrell
Seconded by: Robert Welch
Votes: Four in favor, 0 against, 0 abstentions

C. External Audit Recommendations.

Mr. Hartzer noted that Mr. Kimery recommends that we engage the services of an outside accounting firm to assist in the reconciliation balancing issues of the reserves and a separate accounting firm to perform an independent annual audit of PERF's financials.

MOTION duly made and carried for PERF to create a RFP to work on reconciliation balancing issues and to create a RFP to encompass an independent annual audit of PERF.

Proposed by: Robert Welch
Seconded by: Garland Ferrell
Votes: Four in favor, 0 against, 0 abstentions

D. Line of Duty Death Claim.

Mr. Parker explained that two Mishawaka police officers, Thomas Roberts and Bryan Verkler, covered under the 77 Fund were dispatched to a residence. Those officers were called back to the same residence later that evening. At that time they received fatal gunshot wounds. The cause of death as listed on the death certificates was that both died of gunshot wounds and complications from those gunshot wounds on the same day they received the gunshot wounds. The claim being filed is for the \$150,000 death benefit. The 77 Fund voted to recommend these cases to the Board of Trustees for their approval. Mr. Parker noted that the death benefits are paid from the Pension Relief Trust.

MOTION made and duly carried to approve that death benefits be paid on Thomas Roberts and Bryan Verkler.

Proposed by: Garland Ferrell
Seconded by: Robert Welch
Votes: Four in favor, 0 against, 0 abstentions

E. Committee Reports/Recommendations.

1. Investment Committee. Mr. Hartzer noted that the Investment Committee recommends for Board approval adoption of the Rebalancing Policy with the changes as discussed by the Committee.

MOTION duly made and carried to adopt the Rebalancing Policy as recommended by the Investment Committee.

Proposed by: Richard Doermer

Seconded by: Robert Welch

Votes: Four in favor, 0 against, 0 abstentions

2. **Audit and Budget.** Mr. Ferrell noted that the Audit and Budget Committee recommends to the Board, for their approval, \$250,000 for the start up cost for the joint IT project with Teachers' Retirement Fund called Indiana Pension Systems, Inc.

MOTION duly made and carried to approve \$250,000 for the start up costs of Indiana Pension Systems, Inc.

Proposed by: Robert Welch

Seconded by: Richard Doermer

Votes: Four in favor, 0 against, 0 abstentions

IV. REPORT OF EXECUTIVE DIRECTOR.

- A. **Operations Report.** Mr. Kimery detailed the January operations report to the Board. The following charts were handed out to the Board for review: Retirements Processed; Number of ASA Refunds; Benefits Workload; Membership Records Processing; Customer Satisfaction Survey; Number of Retirement Benefits Paid; and PERF Pre-Tax/Post-Tax Voluntary Contributions. Mr. Kimery noted that staff continues to keep current with retirements. Mr. Kimery noted that the membership workload isn't down as low as they would like. Mr. Kimery noted that checks for refunds are out the door within 30 days of the request, which is within our goal. Mr. Kimery noted that the time frame for counseling sessions is well within the PERF goal of 45 days of the request. Mr. Kimery asked the Board if they would like to see the amount of pre and post-tax contributions on a monthly or a quarterly basis. The Board decided that providing this information quarterly will be sufficient.
- B. **CIO Search.** Mr. Hartzler updated the Board on the CIO search. Mr. Hartzler noted that PERF posted the ad in the IJB and the Star. Mr. Hartzler noted that PERF is also advertising in Midwest business journals. Mercer helped develop the list. Mr. Hartzler noted that all resumes must be sent to PERF by January 20th. Mr. Hartzler also noted that he has already met with five applicants that have expressed interest prior to the official search process. Mr. Hartzler noted that it would be helpful if the Investment Committee

assisted in sorting through resumes. Mr. Hartzer noted that it may be helpful for an outside advisor to voluntarily assist in screening the resumes so that PERF could provide a short list of six to eight names to the Board for serious consideration. Mr. Doermer noted that he thought this was a good idea and that there is a variety of good sources for these types of volunteers that would be willing to assist us with this. Mr. Hartzer noted that he will work with the Investment Committee to come up with some names that he can contact to see if they are willing to volunteer to help us with this search.

- V. **ADJOURNMENT.** There being no other business, the meeting was adjourned.